

Mitsubishi UFJ Financial Group Inc. (MUFG)

MUFG Publishes its Green, Social, and Sustainability Bond Framework

Tokyo, October 8, 2019 --- MUFG today announced the launch of a new "Green, Social, and Sustainability Bond Framework" (the Framework), the first of its kind in Japan, as part of MUFG's continued efforts to promote a sustainable environment and society through capital markets. As of today, MUFG has obtained the Second Party Opinion^{*1} for the Framework from Sustainalytics, a leading international third-party verification provider.

1. Background

MUFG's mission as a financial institution is to build long-lasting relationships with its customers and society, so as to achieve sustainable growth together. By working to resolve key environmental and social issues through its financial activities, MUFG aims to contribute to our sustainable business growth and enhance our corporate value.

In May 2019, MUFG established its new Sustainable Finance Goals^{*2} with a view to further strengthening our ESG initiatives. MUFG also updated its Environmental and Social Policy Framework^{*2}, which has been in effect since July 1, 2019.

2. Objective and overview

The Framework represents the next step in MUFG's journey of embracing sustainability across its operations. The scope of projects has been broadened to include not only environmental projects, as in our existing Green Bond Framework, but also social projects.

Sustainalytics has provided a Second Party Opinion confirming that the Framework meets the criteria set forth by the International Capital Markets Association (ICMA) in its "Green Bond Principles 2018 (GBP)^{*3}", "Social Bond Principles 2018 (SBP)^{*3}", and "Sustainability Bond Guidelines 2018 (SBG)^{*3}".

Bonds issued under this Framework will be Green Bonds, Social Bonds, and Sustainability Bonds. The use of the proceeds will be limited to projects, which are expected to contribute to either environmental or social objectives in the case of Green Bonds or Social Bonds, respectively, and to both objectives in the case of Sustainability Bonds.

MUFG has been issuing Green Bonds that meet TLAC regulations^{*4} in domestic and overseas markets since September 2016 as part of its efforts to contribute to promoting a sustainable environment and society through capital markets. Bonds issued under this Framework are also expected to be TLAC eligible.

The net proceeds from the sale of the MUFG Green Bonds, Social Bonds and Sustainability Bonds will be lent to MUFG Bank, Ltd., a consolidated subsidiary of MUFG, and MUFG Bank allocates amounts equivalent to the net proceeds to eligible green and social projects.^{*5}



MUFG will continue to support projects that contribute to promoting a sustainable environment and society through the issuance of bonds under this Framework and will finance the proceeds through MUFG Bank. Going forward, MUFG will continue to contribute to investment and financing projects, which take Environmental, Social and Governance (ESG) factors into account.

- *1 For more information on Opinions and the Framework Overview, please refer to Sustainalytics Web site.
<https://www.sustainalytics.com/sustainable-finance/wp-content/uploads/2019/10/Mitsubishi-UFJ-Financial-Group-Green-Social-and-Sustainability-Bond-Second-Party-Opinion-08102019-ENGLISH.pdf>
- *2 Establishment of Sustainable Finance Objectives and Update of the MUFG Environmental and Social Policy Framework.
https://www.mufg.jp/dam/pressrelease/2019/pdf/news-20190515-001_en.pdf
- *3 This is a voluntary guideline formulated by the International Capital Markets Association (ICMA) to promote the transparency, disclosure, and reporting of green, social, and sustainability bonds and to promote market order.
- *4 Total Loss-Absorbing Capacity is an equity and bail-in debt requirement applicable to G-SIBs, etc.
- *5 The details are described in **【Appendix】**.



- End -



【Appendix】 Use of Proceeds Categories and Alignment with SDGs

Green Projects

Use of Proceeds Categories	SDGs Target
1. Financing eligible green buildings owned by J-REIT (Japanese Real Estate Investment Trust).	
2. Financing of eligible renewable energy projects (solar thermal power generation, solar photovoltaic power generation and onshore and offshore wind farm projects).	

Social Projects

Use of Proceeds Categories	SDGs Target
1. Loans of MUFG Bank that contributes reconstruction after disasters including earthquakes and typhoons (Priority to be allocated to loans to operators using the Scheme for Compensation for Interest Rates on Special Zones for Reconstruction ^{*6} or Subsidy Program for New Business Establishment in the Areas Recovering from Tsunami and Nuclear Disaster towards Employment Creation ^{*7}).	
2. Financing of public hospitals (domestic and overseas) and domestic hospitals run by a social medical care corporation or a social welfare corporation that will ensure accessibility to vulnerable groups.	

3. Financing of public schools that will ensure accessibility to vulnerable groups.	
4. Financing of public housing suppliers that are registered with the Regulator of Social Housing in England.	

*6 This system supports the smooth implementation of projects by providing interest subsidies for five years to finance core projects of reconstruction promotion plans prepared by local governments and approved by the national government for the reconstruction of the disaster-stricken areas.

*7 Subsidies for the purpose of promoting industrial reconstruction and regional economic revitalization, mainly in areas where evacuation orders have been lifted, and through job creation, in areas such as the tsunami disaster zones that suffered particularly great damage from the Great East Japan Earthquake and evacuation order zones that suffered enormous damage from the nuclear disaster.

This statement is intended for public release of our Green, Social and Sustainability Bond Framework and Second Party Opinion, not for investment solicitation purposes.

About MUFG

Mitsubishi UFJ Financial Group, Inc. (MUFG) is one of the world's leading financial groups. Headquartered in Tokyo and with over 360 years of history, MUFG has a global network with around 3,000 locations in more than 50 countries. The Group has over 180,000 employees and offers services including commercial banking, trust banking, securities, credit cards, consumer finance, asset management, and leasing. The Group aims to "be the world's most trusted financial group" through close collaboration among our operating companies and flexibly respond to all of the financial needs of our customers, serving society, and fostering shared and sustainable growth for a better world. MUFG's shares trade on the Tokyo, Nagoya, and New York stock exchanges. For more information, visit <https://www.mufg.jp/english>.